



STATE BOARD OF EQUALIZATION

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November 9, 1984

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No. 84/106

TO COUNTY ASSESSORS:

WELFARE EXEMPTION--PROPERTY UNDER CONSTRUCTION
WHICH IS SUBJECT TO REDEVELOPMENT PLAN REQUIREMENTS

Section 214.13 was added to the Revenue and Taxation Code by Assembly Bill 401 (Chapter 1261, Statutes of 1984) and is effective January 1, 1985. This section provides that:

"Where property under development pursuant to the Community Redevelopment Law (Pt. 1 (commencing with Sec. 33000), Div. 24 H.&S.C.) is dedicated to religious, charitable, scientific, or hospital purposes in the redevelopment plan and is required by the plan to be conveyed to the state, a county, a city, or a nonprofit entity entitled to a welfare exemption, that property shall be deemed to be within the exemption provided for in Section 5 of Article XIII of the Constitution of the State of California and this section, and shall be exempt from property tax during construction, provided the title to the property is to be conveyed to the state, a county, a city, or nonprofit agency within three years of the completion of the construction. If that title is not passed to the state, a county, a city, or nonprofit organization entitled to a welfare exemption within three years of the completion of construction, the owner of the property shall be liable for the taxes that would have been imposed, plus 25 percent of the amount due."

An example of property eligible for exemption under this section would be a museum being built under a redevelopment plan that requires the museum be conveyed to a governmental or welfare exempt entity within three years of completion of construction.

The bill also provides that no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to this bill. If you have any questions concerning this legislation, please contact Bill Grommet of this division at (916) 445-4982.

Sincerely,

Verne Walton

Verne Walton, Chief
Assessment Standards Division

VW:sk